



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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Testimony of the Connecticut Insurance Department

Before

The Insurance and Real Estate Committee

February 18, 2010

Senate Bill 17 – An Act Concerning Health Care Provider Rental Network Contract Arrangement

Senate Bill 17 is a proposed amendment to an existing law under which jurisdiction rests with the Department of Consumer Protection. This bill shifts enforcement responsibility to the Insurance Department.

The Insurance Department understands the desire for this type of regulation and enforcement involving contracting entities which sell, lease, and assign network contracts. However, the Insurance Department opposes this bill at this time due to the unanticipated added responsibilities imposed on the Department. These include:

1. Consumer Services will receive additional questions from providers and handle a significant increase in complaints from providers.
2. Market Conduct will need to monitor (a) contract language (b) 90-day updates (c) proper claims payment (d) maintenance of web site, toll free numbers and ID card information (e) remittance advices, and (f) other items as specified in the bill, with respect to the licensed entities it now reviews (including health insurers and health care centers).
3. Fraud, Investigations and Compliance unit will need to monitor the issues listed above for the regulated entities it already supervises (Preferred Provider Networks, Medical Discount Plans, and Marketers for Medical Discount Plans).
4. The Department will need to assign a new area to monitor the activity of certain entities covered under the law which are not under the statutory authority of the Department as these entities are not required to have a license or certificate of registration from the Department. The number of such entities is unknown.
5. It is anticipated that, with these new requirements and enforcement, there will be a significant increase in the number of administrative hearings which will necessitate additional resources from the Department's Legal Division.

The Insurance Department would be pleased to work with the Department of Consumer Protection on implementation and enforcement of the requirements under the bill.